

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Nowadays, many firms are trying and focus on their efforts to maintain their customer loyalty. Many companies improve their service quality with developing and implementing their strategies to increase their customer loyalty and satisfaction. The customer is the most important asset for all businesses. This is because customers are individuals who will purchase goods or services of one enterprise and will raise the profitability of its business. Customer loyalty to the goods and services produced by a company are also important.

Customers are loyal to a brand, service or product is very difficult to find. This is because customers will evaluate in advance of any goods or services produced by a company. Customers will evaluate various aspects such as quality, quantity, price and many others. When the comments given by the customer whether negative or positive, the company needs to take action and find solutions to get the customer loyalty at services and goods that provide by the company. It is very important because customer is always right. Therefore, to gain the loyalty of customers, businesses should look for initiatives to enable customers are always satisfied with their services and goods.

When a company is able to earn customer loyalty, it is a bonus to the company. This is because the company is able to raise and maintain the profitability of their companies every year. This study was undertaken to identify the factors that led to customers' loyalty. This research paper discusses about problem background, problem statement, research objectives, research questions, research scope, and expected result. The purpose of this study is to determine the dominant factors of the customer loyalty.

1.2 PROBLEM BACKGROUND

Customer satisfaction is considered to be a key element for a company's success in the market, a leading criterion in determining the quality of service or product to the customers, and it is also crucial for organizational survival. The table is showed based on the problems in other previous researchers.

Table 1.2.1: The Previous Researchers

Author	Year	Description
Stone et al	2000	It is hard to meet all customers need at once and therefore it is essential to prioritize certain customers and their needs. Competitive survival is achieved by meeting the most important needs of the most important customers. By accomplishing this and meeting the needs of customers whose needs are not being met by competitors, a company can achieve a competitive advantage,
Butscher	2000	To be close to the customer and manage successful investments to create customer loyalty is not only important, it is the key factor to success for many companies. The established companies' closeness to the customers becomes a high entrance barrier for new

		companies on the market. This because the new companies do not only have to meet the already established companies high standards, nut also break into a system of strong personal relationship, trust and respect.
Salmiah Mohamad Amin et al	2012	As a matter of fact, perceived service quality was found to be the most critical contributing factor to customer loyalty, followed by corporate image, trust and switching cost. Furthermore, favorable corporate image can influence the repeat patronage of customer and thus constitute to customer loyalty. In addition, customers' trust towards a service provider can restrain them from changing to another provider. Lastly, higher switching cost will make customer less likely to switch to other providers.

1.3 PROBLEM STATEMENT

Improving customer satisfaction is a critical component of the store to get the customers loyalty. Consequently, the furniture store spends higher cost per year to better assess customers' satisfaction and understand the elements of loyalty. With an understanding of what causes customers to come and to return, the manager can act to increase loyalty. So, they manager must know about the factors that make customers become satisfaction and then loyalty. This situation can make the profitability of this furniture store will increases. Moreover, building and managing strong brand image is one of the key drivers of success in manage the to retain its customer's loyalty. The manager must know the factors make the customers more loyalty and make the improvement at the factors to attract more customers to come and use their service to get a cabinet in the customer's house.